UNITED NATIONS

DP

Executive Board of the United Nations Development Programme and of the United Nations Population Fund

Distr.
GENERAL

DP/CCF/ALG/1
6 November 1997
ENGLISH
ORIGINAL: FRENCH

First regular session 1998
19-26 January 1998, New York
Item 5 of the provisional agenda
UNDP

UNDP: COUNTRY COOPERATION FRAMEWORKS AND RELATED MATTERS

FIRST COUNTRY COOPERATION FRAMEWORK FOR ALGERIA (1998-2000)

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INTRODUCTION

1. The first country cooperation framework (CCF) for Algeria covering the period 1998-2000 was the result of a long process of preparation and of consultation between the Government and UNDP. This consultation process was initiated and detailed discussions were held during the mid-term review of the sixth country programme in October 1996. In addition to these consultations, the national strategies and priorities contained in the general-policy framework documents for 1995-2000 constituted the basic frame of reference for the formulation of the present CCF for Algeria. This CCF has also been enriched by the content of the UNDP advisory note prepared in June 1997.

2. The preparation of the advisory note and its submission to the Government by UNDP marked a particularly important stage in the formulation of the country cooperation framework (1998-2000), which was able to draw on the consultations and on the comments made by the national authorities and the other development partners whose services were enlisted on this occasion. The priority areas identified, the approach and the arrangements proposed in the note thus fit perfectly with the concerns of the Government, which has made poverty alleviation, environmental management and investment in human resources the lynch-pins of its national development policy in the medium and long term.

I. DEVELOPMENT SITUATION FROM A SUSTAINABLE HUMAN DEVELOPMENT PERSPECTIVE

3. Algeria enjoyed high and continuous growth during the period 1970-1985 but since 1986 it has been forced to undertake profound reforms of its economy following the drop in external resources caused by the oil shocks; however, the results of the rescheduling of its foreign debt and the preliminary stabilization and adjustment programmes implemented as from 1994 are encouraging, but they remain insufficient to cope with the build-up of pressure from an increasing social demand and the social effects of the current reforms.

4. The phenomenon of poverty. According to the Ministry of Labour, Social Security and Vocational Training, poverty today affects almost 30 per cent of the total population, as against about 20 per cent at the beginning of 1990, owing to the intensification of the reforms, which have included price liberalization, reduction of overstaffing in the public sector and cutbacks in public investment. At present households in general spend more than 50 per cent of their income, and the poorest 20 per cent of the population almost 65 per cent, on food consumption. In order to ease the impact of the adjustment measures on households with low income or no income, an arrangement known as the "social safety net" has been put in place and extended to the elderly, the disabled and unemployed job-seekers.

5. Life expectancy was 64 years in 1985 and 68 years in 1990, and it rose to 67 years in 1994. The constantly declining illiteracy rate, from 95 per cent in 1966 to 45 per cent in 1987, remains high in comparison with the investments made. In fact, every year the State has allocated more than a quarter of its total budget to education, i.e. almost 7 per cent of the gross domestic product.

The level of access to basic social services (drinking water up from 68 per cent in 1985 to 77 per cent in 1995; electricity supply at 90 per cent in 1996) is acceptable except in the case of housing, where despite the great efforts made by the State the crisis persists: the number of occupants per dwelling rose from 6 in 1966-1977 to 10 in 1987-1996.

6. Sustainable incomes. Employment and population constitute major challenges. The annual population growth rate (1.9 per cent as against 3.2 per cent in 1980) remains high for a population estimated at 30 million in 1996, almost three quarters of it under 30 years of age. The unemployment rate[1] is constantly increasing (10 per cent in 1995, 21 per cent in 1990 and 28 per cent in 1996) as a result of strong growth of the active population, the low retention rate of the education system and the profound restructuring of the economy (lay-offs for economic reasons). The present unemployment situation exhibits a predominance of first-job-seekers (+250,000 a year, representing three quarters of the total unemployed, including 25 per cent under 24 years of age), long periods of unemployment (over 12 months for 50 per cent of the unemployed), and a very high female unemployment rate (38 per cent).

7. Integration of women in development. The situation of women in Algeria is constantly improving: the female illiteracy rate fell from 85 per cent in 1966 to 57 per cent in 1987.[2] The participation of women in economic and social life is clearly improving in terms of the numbers of women teachers in the schools and in higher education (up 10 points between 1985 and 1995). In 1995 women accounted for 50 per cent of health sector personnel and 22 per cent of judges, and there were 108 women senior officials holding top-level posts in the State and civil service. In the parliamentary elections in June 1997 12 women were elected to the new Assembly, which has 380 seats.

8. In general terms there is no institutional obstacle to women's education and work, but obstacles stemming from traditions and the colonial heritage (at independence in 1962 almost 90 per cent of women were illiterate) and from the economic situation, which, before the implementation of the structural adjustment programme, did not encourage women to work.

9. Environment. Limited and fairly polluted water resources, complicated urban problems, accelerated desertification and erosion, and industrial pollution: for two decades Algeria has been taking action on many fronts to cope with this kind of problem, including the enactment of a powerful battery of laws and regulations governing activities having an impact on the environment, the establishment of institutions and instruments (National Environment Fund, pollution tax, and recourse to big loans from the World Bank, the African Development Bank and the European Investment Bank, together with sizable grants from the European Union and other bilateral donors to tackle the acute problems of water, housing and health. Although the biggest problems persist, with the implementation of the structural adjustment programme the restructuring and

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[1] Ministry of Planning estimate.

[2] National report of Algeria submitted to the World Conference on Women (Beijing, 1995).

privatization of big industrial combines are facilitating the introduction of clean technologies and procedures for the integrated monitoring of pollution, supported by institutional capacity-building programmes at the central, regional and local levels. UNDP assistance is requested for this purpose.

10. Governance. A decentralization policy was initiated in 1970 in order to furnish an effective framework for good governance. The devolution of State services is now well advanced, and the decentralization measures are to be harmonized with the ongoing reforms. The modernization of the civil service and of the framework and machinery of public control are the priority objectives; accordingly, these thematic areas have been included in the Algeria/UNDP programme and in the activities designed to enhance the role and participation of civil society.

II. RESULTS AND LESSONS OF PAST COOPERATION

11. In the sixth country programme the Government channelled the UNDP support into four priority areas: employment promotion, support for socio-economic reforms, diversification of non-hydrocarbon exports, and environmental protection. The results, impacts and priorities of the sixth programme were confirmed in October 1996 at the mid-term review, which selected poverty alleviation, investment in human resources, and environmental management as the strategic pillars of the country programme for Algeria. Experience has also shown that UNDP assistance could be used with advantage to support policy analysis, planning and coordination activities, as well as in the more traditional UNDP sectors of intervention such as capacity-building and operational activities.

12. In its implementation of the programme Algeria gave priority to the modality of national execution, which has to be strengthened and improved, in particular by clarifying the responsibilities of the national directors. The gradual introduction of the programme approach must be continued and strengthened.

III. PROPOSED STRATEGY AND THEMATIC AREAS

13. The economic reforms, accelerated by the signing of agreements under the structural adjustment programme, are beginning to produce encouraging results, especially with respect to macroeconomic balances: inflation fell from 29 per cent in 1994 to 19 per cent in 1996; the negative economic growth of 1994 was reversed and reached +4.5 per cent in 1996, a year which even saw a small budget surplus. Apart from these encouraging results large deficits persist, especially with regard to unemployment and public investment in the basic social sectors.

14. In view of the downward trend in official development assistance, the Government would like the UNDP resources to play a catalytic and coordinating role and help to build Algeria's capacity to use the largest possible volume of resources and programmes to support its economic and social policies for

sustainable human development. This support would reinforce the national policy and make the improvement of living conditions the purpose of development.

15. The Government would like to draw on UNDP experience in this area to strengthen the social impact of the economic reforms designed to enhance the level of sustainable human development by (a) improving economic performance in order to give a new impetus to job creation and poverty alleviation, (b) investing in human resources and (c) ensuring good management of the environment.

16. In the fight against poverty the Government intends to use UNDP resources: (a) firstly, to help to produce a clearer picture of the phenomenon of poverty in Algeria (areas, target groups), with respect to which the lack of relevant information, data and statistical tools leads to fragmentation of the efforts of the Government and its development partners; (b) to evaluate the current economic and social strategies and policies with a view to gearing their component programmes to poverty alleviation; in this context the redirection of budgetary resources to the most sensitive sectors (health, education, housing) will be encouraged; (c) to strengthen public and private institutional capacity-building at the national and local levels in order to establish a collective and accepted responsibility for any measure for fighting poverty effectively; (d) to promote and strengthen Algeria's associative movement (non-governmental and community organizations) and the private sector to enable them to play an active part, especially in the fight against poverty.

17. In the light of the development prospects of the national economy and the studies of the sustainable human development situation, three priority areas of action have been selected for the country cooperation framework for 1998-2000: (a) poverty alleviation; (b) investment in human resources; and (c) environmental management.

18. Within these three priority areas, two major cross-cutting themes - national capacity-building and the advancement of women - will be taken into account in the form of specific operations or components of subprogrammes.

A. Poverty alleviation

19. One of the country's priorities in combating poverty is to create sustainable incomes and to protect the public against the effects of macroeconomic adjustments. UNDP support should therefore be directed at implementing an anti-poverty framework-programme made up of the following main components:

(a) Support for capacity-building and policy implementation. The aim of this component is to improve the efficiency of the national anti-poverty strategy by introducing follow-up and assessment mechanisms. Basic social data are therefore being updated and indicators of success fine-tuned so as to enable current and future policies and programmes to consolidate sustainable development. This component will involve, in particular: (i) the implementation of an employment policy, with the emphasis on follow-up and assessment, job creation at various levels and capacity-building for employment-

related institutions, to help develop the labour market by investing more efficiently in human capital with a view to improving medium-term productivity and equity in the basic social sectors; and (ii) the modernization of the civil service to sustain the social and economic transformation brought about by the structural adjustment programme, to be achieved by implementing a modernization strategy taking account of the developing role of the State and the emergence of other actors in civil society. Support should be directed at improving analysis capacities and implementing development policies. Performance indicators will relate to the successful implementation of the training and assessment plan for public officials in the key ministries and elsewhere;

(b) Support for the private sector. The aim of this component is to promote and maintain the private sector, for example by assisting in the introduction of an incentive and regulatory framework (an investment code, a customs regime and legislation on business) and a capacity-building programme (business training, commercial information, management support and informal sector support). This will complement the support of such donors as the World Bank. The creation of sustainable incomes, however, requires an improved technical performance by the economy. Support should therefore be provided in the following areas: (i) a reform of the financial and banking sectors, and privatization; (ii) a reduction of the national economy's dependence on hydrocarbons; (iii) the introduction of information systems - especially a national human development report, which is the best means of assessing the human development situation, and the "sustainable development network", which is a strong force for social cohesion - to disseminate economic and social information and facilitate communication among all the development partners, including the State, private institutions, universities and non-governmental organizations. These components will be complemented by direct support for action to combat poverty including activities under the aegis of the priority action programme established under the national poverty alleviation strategy and technical assistance enabling public, private and non-governmental national institutions to set up specific poverty action programmes. A national human development report will shortly be produced with assistance from UNDP. The report will tackle poverty-related issues as well as more general issues of sustainable human development.

B. Investment in human resources

20. The country aims to enter the third millennium with enhanced national human resources adapted to the imperatives of the country's economic, social and cultural development in the interests of good governance, which is essential for the implementation of sustainable human development policies and programmes at both national and local level.

21. To achieve this, the following specific measures are proposed:

(a) Advancement of women and their integration in development. These measures will mostly involve training, information and the establishment at both the national and international level of a network of associations working for the advancement of women. The social aspects of these activities will be carried out in collaboration with the United Nations Children's Fund (UNICEF),

the United Nations Population Fund (UNFPA) and the United Nations Development Fund for Women (UNIFEM), while the United Nations Industrial Development Organization (UNIDO) will collaborate on entrepreneurial activities for women, especially those provided by the "Savoir et vouloir entreprendre" association of women entrepreneurs (SEVE). UNDP will also participate in implementing the "Women in development" component of the UNICEF short-term country programme (1998-2000) and in carrying out priority activities under the action programme of the national strategy for the advancement of women, which the Ministry of National Solidarity is currently finalizing, to a great extent with the active participation of women's associations. Specific measures are in hand to create sustainable incomes for women under the programmes mentioned in paragraph 17, particularly under the employment promotion programme, which enjoys the support of the International Labour Organization (ILO);

(b) Support for non-governmental organizations. The aim here is to encourage the emergence of a suitable environment for individual and collective initiatives. Activities include: (i) a pilot UNDP-UNFPA-UNICEF programme, based on a participatory community approach, to be set up in a disadvantaged area to improve the living conditions of the target population, bringing them into line with acceptable and sustainable standards by introducing income-generating activities; (ii) a project to support small and medium-sized private business associations, in order to strengthen the development of such businesses; and (iii) a project to provide procedural guidelines on government assistance to non-governmental organizations participating in the country cooperation framework, for which UNDP will need to mobilize additional resources from bilateral donors and others.

C. Environmental management

22. Algeria's environmental objective for the rational use of natural resources and the fight against erosion, desertification and pollution - is to create the necessary sustainable capacity to implement and assess environmentally sound policies and programmes.

23. The most important elements are: (a) to continue and strengthen activities launched during the previous cycle under the programme on Institutional capacity-building for the environment, the implementation of which will form part of the first country cooperation framework by capacity-building in institutions involved in decision-making; (b) to establish an environmental database; (c) to assess undertakings relating to industrial pollution; and (d) to include environmental education in all school curricula. Part of the UNICEF 1998-2000 programme relates to better environmental education in primary education curricula, which UNDP will support. Specific measures for the management of hospital waste are also planned.

24. UNDP support is expected in mobilizing and coordinating the various national, regional and international programmes so that fuller use can be made of the available financial and other resources of the specialized agencies to acquire, install and connect databases that will improve long-term returns on investments.

25. Regional dimension. Both the aims and the issues of the country cooperation framework have an interactive regional dimension, since the framework forms part of the objectives and priorities of the projects implemented under the Regional Programme for Arab States (1997-2001). UNDP support should make it possible to increase cooperation on energy, trade, industry, the environment, the development of the private sector and the role of women in development.

IV. MANAGEMENT ARRANGEMENTS

26. Execution and implementation of the programme. Algeria will make increased use of the programme approach in formulating and implementing the present country cooperation framework. The necessary innovative methods of implementing and managing priority activities will therefore require: (a) increased funding from the Government and UNDP to finance improvements in the identification, follow-up and assessment of activities in areas that have been given priority; and (b) an enhancement of the country's technical and administrative capacity through staff training. National execution will mean execution either by the Government or by non-public national entities, namely the private sector or non-governmental organizations).

27. National execution. The mid-term review of the sixth country programme made favourable mention of the steady improvement in the capacity for national execution. This should continue, but experience has shown that there are still improvements to be made and that a proper analysis of existing national capacity should be carried out.

28. For the next programme and to ensure that programmes and projects are properly implemented, Algeria is requesting a national capacity-building programme for execution and implementation, consisting of training sessions organized in line with the national execution modality, with a special focus on new arrangements.

29. Follow-up and assessment will be carried out in accordance with current UNDP procedures. A sliding three-year financial plan will act as the financial follow-up framework for resources from UNDP and other sources. The programme will undergo a mid-term review. At the local level the relevant documents relating to the current country cooperation framework will be submitted to a local review committee expanded to include representatives of local agencies of the United Nations system, bilateral and multilateral programmes and civil society. Lastly, the criteria for success identified in the present document will serve as a basis for assessing the country cooperation framework.

30. Resource mobilization. To ensure the implementation of the programme, Algeria will adopt a strategy to mobilize both internal UNDP funds and external financing from its development partners. The resource mobilization strategy will aim at the effective mobilization of internal resources (Global Environment Facility (GEF), Capacity 21 and UNIFEM)) and external financing on the basis of cost-sharing with Algeria's bilateral partners. The formulation of high-quality programmes to promote sustainable human development in Algeria and the

improvement in absorption capacity are factors that favour the mobilization of UNDP resources.

30. Other forms of resource mobilization will be applied in close collaboration with UNDP in such areas as management service agreements, the effective mobilization of programme and project counterpart resources and cost-sharing. Some partners, particularly Canada and the World Bank, will be asked for help in the fight against poverty and in financing small-scale projects. Algeria will also use other special funds (Special Programme Resources, the Poverty Strategies Initiative and governance funds) to formulate framework-programmes in the priority areas identified above.

32. Resource mobilization for target sums to be assigned to the country cooperation framework aims at an initial ceiling of $1,137,000 under TRAC 1.1.1, to be reserved for priority programmes. For direct cost-sharing, the target is $1,899,000, while a total of $580,000 is expected from sustainable development funds by way of third-party cost-sharing.

Annex

RESOURCE MOBILIZATION TARGET TABLE FOR ALGERIA (1998-2000)

(In thousands of United States dollars)

Source	Amount	Comments
UNDP CORE FUNDS		
Estimated IPF carry-over	2 525	
TRAC 1.1.1	1 137	Assigned immediately to country.
TRAC 1.1.2	0 to 66.7 per cent of TRAC 1.1.1	This range of percentages is presented for initial planning purposes only. The actual assignment will depend on the availability of high-quality programmes. Any increase in the range of percentages would also be subject to availability of resources.
SPPD/STS	80	
Subtotal	3 742[a]	
NON-CORE FUNDS		
Government cost-sharing	1 899	
Sustainable development funds	580	GEF
Third-party cost-sharing	-	
Funds, trust funds and other	-	
Subtotal	2 479	
GRAND TOTAL	6 221[a]	

[a] Not inclusive of TRAC 1.1.2, which is allocated regionally for subsequent country application.

Abbreviations: GEF = Global Environment Facility; IPF = indicative planning figure; SPPD = support for policy and programme development; STS = support for technical services; and TRAC = target for resource assignment from the core.